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Fifth report of the Secretary-General on the threat posed by ISIL (Da'esh) to international peace and security and the range of United Nations efforts in support of Member States in countering the threat

I. Introduction

1. In adopting its resolution 2253 (2015), the Security Council expressed its determination to address the threat posed to international peace and security by Islamic State in Iraq and the Levant (ISIL, also known as Da'esh)[1] and associated individuals and groups, and emphasized the importance of cutting off its access to funds and preventing it from planning and facilitating attacks. In paragraph 97, the Council requested that I provide an initial strategic-level report on the threat, followed by updates every four months.

2. The present report is the fifth such report (see S/2016/92, S/2016/501, S/2016/830 and S/2017/97) and was prepared by the Counter-Terrorism Committee Executive Directorate and the Analytical Support and Sanctions Monitoring Team pursuant to Security Council resolutions 1526 (2004) and 2253 (2015) concerning Islamic State in Iraq and the Levant (ISIL) (Da'esh), Al-Qaida and the Taliban and associated individuals and entities of the Security Council Committee established pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning Islamic State in Iraq and the Levant (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities, and in close collaboration with the Counter-Terrorism Implementation Task Force, the United Nations Counter-Terrorism Centre and other United Nations entities and international organizations.

3. Security Council resolution 2253 (2015), adopted at a Council meeting held at the level of ministers of finance, reinforced the existing international counter-financing of terrorism framework by calling on Member States to move vigorously and decisively to cut off the flow of funds and other financial assets and economic resources to ISIL. The present report focuses on current sources of terrorism financing and the evolution in financing methods; the measures put in place by Member States to deny funds to ISIL and its affiliates and disrupt terrorist networks; and the efforts of the United Nations and its partners to strengthen States' capacities in that regard. The report also addresses measures and initiatives — including prosecution and rehabilitation strategies — developed to address the threat posed by

[1] Listed as Al-Qaida in Iraq (QDe.115).

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foreign terrorist fighters (see Council resolution 2178 (2014)) who return from conflict zones, whether to their respective States of origin or to other States.

II. Development of the threat since January 2016 (S/2016/92)

A. Core of ISIL in Iraq and the Syrian Arab Republic

4. Since January 2016, Islamic State in Iraq and the Levant (ISIL) has remained under continuous military pressure and experienced several setbacks in the Syrian Arab Republic and in Iraq. The group continues to resist, however, in particular in Mosul, Iraq, and currently retains its hold over Raqqah, Syrian Arab Republic. Owing to the complicated military situation, the group reorganized its military structure, diverting decision-making responsibility downwards to local commanders (see S/2017/35, para. 16). In a further reaction to its setbacks in the conflict zone, the group continues to enable and inspire a range of attacks outside the conflict zone. The death of Abou Mohamed al Adnani (QDi.325) and the loss of the city of Manbij, Syrian Arab Republic, which served as the group's headquarters for propaganda and external attack planning, forced the group to reorganize (see S/2017/35, para. 18). ISIL has used improvised explosive devices since its inception; however, despite the sustained military pressure, the group was able to develop capacities to assemble such devices on an industrial scale and to use significant numbers of commercially available drones in a variety of ways: for propaganda, reconnaissance, to direct indirect fire and for aerial attacks.[2]

5. The number of ISIL fighters has significantly decreased in the past 16 months to between 12,000 and 20,000 (see S/2017/35, para. 14). In parallel, the flow of foreign terrorist fighters from many regions to Iraq and the Syrian Arab Republic has slowed. However, returnees and the relocation of fighters from the conflict zones to other regions now present a considerable threat to international security (see S/2017/35, para. 3).

6. The threat from ISIL has been exacerbated by its sophisticated use of the Internet and social media to disseminate online messages to a wide international audience. Since 2014, ISIL has used its online publications to reach potential foreign terrorist fighters and social media to directly engage individuals, encouraging them to join its ranks. It has also targeted specific skill-sets and tailored its message to different linguistic groups using foreign terrorist fighters primarily based in Syria and Iraq to reach out to individuals in their countries of origin in their own language. Once engaged in dialogue, ISIL recruiters and enablers quickly shifted their communications onto a wide range of encrypted applications, complicating efforts in home countries to monitor and investigate such contacts.[3] In the past 16 months, the volume of propaganda has declined, while the earlier overarching message intended to convey an impression of "State building" has shifted towards seeking to demonstrate successes in its military engagements (see S/2017/35, para. 17). Despite this decline in output, much of the propaganda will persist as supporters outside the conflict zones collect and redistribute it.

[2] Information provided by a Member State. The Monitoring Team had already warned of the use of drones by ISIL in 2014 (see S/2014/815, para. 49).

[3] Information provided by a Member State.

B. ISIL finances

7. ISIL is at a pivotal moment in terms of its finances. The group has suffered a reversal of fortune since my first report (S/2016/92). Although its financial situation has steadily declined over the past 16 months, ISIL continues to rely chiefly on the same two revenue streams, hydrocarbons and extortion/taxation, which it has depended on since its declaration of the so-called "Caliphate". ISIL still manages income of tens of millions of dollars per month.[4]

8. Given this reliance on territorially derived sources of income, as ISIL continues to lose territory, and in particular population centres, its sources of income will continue to decline. To date, ISIL does not appear to have developed new sources of income that could compensate for the continuing loss of its two main revenue streams. However, it does not necessarily need to offset the large losses; for as ISIL loses population centres and its forces continue to dwindle, it will also have substantially fewer costs. Thus ISIL may be able to stretch further any funds that it retains or obtains going forward.

9. In my first report, I indicated that ISIL had made as much as $500 million from oil and oil products in 2015 (see S/2016/92, para. 17). At the time of my previous report, according to an estimate by the United Nations Assistance Mission for Iraq, that income had decreased by approximately 50 per cent (see S/2017/97, para. 6), in large part owing to military operations targeting oil-related infrastructure. ISIL has tried to offset the decrease in hydrocarbon revenues by increasing the "tax" burden upon the population still under its control (see S/2016/629, para. 14), and this effort continues.[5] However, there is a limit on how much ISIL can squeeze out of a war economy, and, over the course of my previous reports, I have highlighted the effects of the continued financial decline of ISIL, such as significant reductions and delays in fighters' salaries, internal corruption and theft, and a decrease in the already minimal services that ISIL was providing (see S/2016/501, para. 9, S/2016/830, paras. 4-5, and S/2017/97, paras. 5-6). ISIL has continued to face cash shortages and has been using its remaining funds to buy weapons.[6] Furthermore, some ISIL fighters have had to secure "side" jobs given the decrease in, delay, or lack of a salary.[7]

10. In addition to the aforementioned resources, ISIL has drawn income from antiquities smuggling,[8] agricultural products, sale of electricity, exploitation of mineral resources such as phosphates and sulfuric acid, external donations, kidnapping for ransom and human trafficking (see S/2017/35 footnote 16).[9]

11. Furthermore, my Special Representative on Sexual Violence in Conflict has carefully documented instances of the selling, gifting and trading of women and children among fighters, which has served as an important recruitment strategy (see S/2016/1090).

12. Despite the financial setbacks to the core of ISIL, according to several Member States ISIL has continued funding its affiliates, many of which have few

[4] Information provided by a Member State.
[5] Information provided by a Member State.
[6] Information provided by a Member State.
[7] Information provided by a Member State.
[8] The Monitoring Team continues to receive reports from Member States and international organizations concerning seizures and criminal investigations of the trade in antiquities illegally removed from Iraq and the Syrian Arab Republic (see S/2017/35, para. 67).
[9] For example, ISIL has been able to derive income from its symbiotic relationships with criminal organizations and human traffickers and smugglers in Libya, whereby the criminals pay ISIL for safe passage (information provided by a Member State).

internal sources of income and are therefore dependent on the core. However, increasingly the core has started urging its affiliates to be more self-sufficient and proactive in developing internal revenue streams.[10]

13. Given these developments, the focus of the international community will need to turn to countering the financing of "ISIL 2.0". It is expected that ISIL will continue to use extortion and criminal activity as a funding tactic even if it no longer controls territory, as that has been its modus operandi in its prior iterations as Al-Qaida in Iraq (QDe.115).[11] Member States have indicated that ISIL is likely to depend more on kidnapping for ransom, especially as journalists and aid workers return to liberated regions. ISIL may increase its reliance on external donations to secure further funding.[12] Perhaps, more importantly, according to Member States, ISIL has planned for the "day after" with investments, within the conflict zone as well as the wider region, which can serve as a source of funding as other resources dry up. Yet another Member State has reported that ISIL has transferred funds to areas where no affiliates are present and assessed that this is part of an organized plan for the future.

14. Money services businesses, including exchange houses, continue to be a preferred method for ISIL and its supporters to move funds across borders.[13] Exchange houses in Iraq and in the Syrian Arab Republic have been used on behalf of ISIL,[14] but the problem transcends these two countries, as recent arrests in the wider region demonstrate.[15] Money couriers are also a key method for ISIL to move funds; and a transfer of funds will in certain cases involve both professional couriers and money service businesses at different junctures.[16]

15. The access of foreign terrorist fighters to their home bank accounts, even after they have travelled to the conflict zone, remains a problem, with fighters or facilitators withdrawing funds using automatic teller machines near the conflict zone and providing them to ISIL (see S/2017/35, paras. 11-12; S/2017/97, para. 8). Although the use of bitcoin by ISIL operatives is not yet widespread, a few cases of ISIL supporters using this payment system have been reported.[17]

16. Finally, as I mentioned previously (see S/2016/501, para. 9), liquidity within the conflict zones has been restricted by Member State action and because the "war economy" has its limits. As Member States consider efforts to counter the financing of "ISIL 2.0", a key concern is how to allow reconstruction and stabilization funds to flow into liberated areas, including by reconnecting international financial structures, without also enabling ISIL remnants to abuse these structures and exploit this new liquidity, including through extortion and the formation of front companies.

III. Evolving global threat posed by ISIL

17. Since declaring its intent to attack the United States of America and Europe in September 2014,[18] ISIL has conducted a wide range of attacks, using a variety of

[10] Information provided by a Member State.
[11] Information provided by a Member State.
[12] Currently, however, a consensus does not exist among Member States as to whether external donations will play a significant part in the future income of ISIL.
[13] Information provided by a Member State.
[14] Information provided by a Member State.
[15] Information provided by a Member State.
[16] Information provided by a Member State.
[17] Information provided by a Member State.
[18] Video message by Adnani, see for example: Imran Khan, "ISIL's war just went global", Aljazeera, 5 November 2014.

methodologies depending on the ability of ISIL to project a threat directly from the conflict zones. In November 2015 and March 2016 the complex multi-target attacks conducted in Paris and Brussels were directed and facilitated by personnel specifically sent to Europe from the core of ISIL. Since that time, efforts of European Member States and Turkey aiming at inhibiting travel of foreign terrorist fighters to the conflict zones (see S/2017/35, para. 8) have made it increasingly difficult for ISIL to mount directed attacks.

18. Nonetheless, ISIL has used its propaganda and communication to encourage ISIL supporters in Europe to mount attacks in their countries of residence, highlighting successful methodologies and designs for improvised explosive devices. This has led to multiple attacks, including in Belgium, France, Germany, the Russian Federation, Sweden, Turkey and the United Kingdom of Great Britain and Northern Ireland. Some were carried out by returnees, while others were conducted by individuals who had not travelled to the conflict zones.

19. These attacks have generally been unsophisticated in nature, nevertheless causing multiple casualties, such as in Nice, Berlin, London, Stockholm, Saint Petersburg and the latest attack in Manchester, for which the group publicly claimed responsibility in a communiqué distributed via social media on 23 May 2017. Often these attacks have initially been reported as conducted by inspired "lone actors". However subsequent investigations demonstrate that the perpetrators often received support or resources from facilitators (see S/2017/35, para. 7) and, in a number of cases, were in direct contact with ISIL enablers online using encrypted applications before and even during the attacks.[19] Law enforcement agencies of most European countries have also detected and disrupted attack plots, including in countries not previously regarded as among ISIL priority targets.[20] While a number of European Member States have reported that they expect only small numbers of those remaining in the conflict zones to return to their countries of origin (see S/2071/35, para. 10), those who do return would be hardened fighters and represent a significant threat.

20. North Africa has seen resilience by ISIL affiliated groups, who pose a serious threat. Member State assesses that the presence of ISIL in the region is also intended to secure a perpetuation of ISIL as a reaction to the continuous pressure in Iraq and the Syrian Arab Republic. While ISIL in Libya has been weakened after losing a significant portion of the territory it controlled, its threat persists in Libya and in neighbouring countries. As indicated in the Monitoring Team's nineteenth report, acts such as the suicide attack in Benghazi on 18 December 2016, which resulted in the death of several soldiers, show that the group maintains operational capabilities (see S/2017/35, para. 36). Member States reported that the leadership of ISIL within Libya has relocated to the south and south-west of the country. ISIL fighters have also been dispersed in different parts of the country and throughout the region, thus disseminating the threat. According to a Member State, Abu Bakr al-Baghdadi[21] instructed supporters and sympathizers to travel to Libya instead of the Syrian Arab Republic or Iraq.

21. In Algeria, the ISIL affiliate Jund Al-Khilafah in Algeria (JAK-A) (QDe.151), has been under continuous pressure from security forces in several regions of the country.[22] Since its proclamation in 2014, by a splinter faction of the Organization of Al-Qaida in the Islamic Maghreb (AQIM) (QDe.014), JAK-A has claimed

[19] Information provided by a Member State.

[20] Information provided by a Member State.

[21] Listed as Ibrahim Awwad Ibrahim Ali al-Badri al-Samarrai (QDi.299).

[22] Lamina Chikhi, "Algeria clears Islamic State-tied militants east of capital: sources", Reuters, 24 August 2016.

responsibility for several attacks. One Member State reported coordination and direct communication between JAK-A and ISIL leadership in the Syrian Arab Republic and Iraq.

22. In West Africa, the expansion of ISIL is currently challenged by established Al-Qaida affiliates. Currently, the Organization of Al-Qaida in the Islamic Maghreb (AQIM) (QDe.014), Ansar Eddine (QDe.135) and Al Mourabitoun (QDe.141) remain the stronger forces in the region, in particular since their claim of the recent merger under the new banner of the Group for the Support of Islam and Muslims. Nevertheless, a splinter group of Al Mourabitoun, the "Islamic State in the Greater Sahara", under the leadership of Adnan Abu al-Walid al-Sahrawi, was recognized by the core of ISIL in the fall of 2016.[23] This splinter group has since committed several attacks. In particular, it claimed two attacks in Burkina Faso, against a customs office in Markoye in September and security forces in Intangom on 12 October 2016 (see S/2017/35, para. 43). The group has also been reported to be responsible for recent attacks in the Niger.[24]

23. In Nigeria, a faction of Boko Haram (QDe.138) pledged allegiance to Al Baghdadi and proclaimed the "Islamic State West Africa Province".[25] This faction claimed several suicide attacks in Nigeria and has been involved in deadly clashes with security forces since 2015. On April 29, 2017, a communiqué announced that it had killed 15 soldiers in northeast Nigeria.[26] Member States reported an increase in trafficking, in particular weapons and related material, as well as increased capacity of ISIL to recruit in the region. Member States also highlighted that the group is able to attract West African returnees from Iraq and the Syrian Arab Republic. One Member State reported that members of the Al Mourabitoun splinter group, loyal to ISIL travelled to Libya and coordinated with ISIL in Sirte before returning to Mali.

24. Emerging ISIL affiliates operating in Puntland and parts of Southern Somalia complicate the terrorist threat posed by Al-Qaida's affiliate, Al-Shabaab (SOe.001) in East Africa. Member States highlighted that, although these ISIL affiliates have their bases within the territory of Somalia, their threat transcends into the neighbouring States where they seek to recruit, establish bases and conduct attacks.

25. In 2015, when ISIL established its presence in Somalia, it faced resistance from Al-Shabaab. This led to the execution of more than 30 ISIL sympathizers and leaders (see S/2017/35, para. 49). As a result, ISIL members began operating in covert cells to avoid detection. However, measures put in place by Member States helped to disrupt their movement by dismantling an ISIL network of facilitators and recruiters.[27] These efforts contributed to the slow growth and even reduction of ISIL members in Somalia. By the end of 2016, ISIL outreach had become more public and aggressive as its operatives had begun to express their opinions openly.[28] On 8 February 2017 ISIL claimed responsibility for an attack on a hotel in Boosaaso,[29] the economic hub of Puntland.

26. According to several Member States, ISIL plans to enhance its presence in Somalia by taking over the existing Al-Shabaab networks and attracting more

[23] Information provided by a Member State.
[24] Information provided by a Member State.
[25] Information provided by a Member State.
[26] "Breaking: killing 15 apostates from the Nigerian Army in clashes in the Yobe area", Communiqué issued by "Islamic State West Africa Province" on Telegram, 29 April 2017.
[27] Information provided by a Member State.
[28] Information provided by a Member State.
[29] "Somalia: ISIL claims responsibility for attack on Village Hotel in Bosaso", Garowe Online, 8 February 2017.

fighters, including those unable to travel to conflict zones and those relocating from the conflict in the Syrian Arab Republic, Iraq and Libya. ISIL in Somalia is reliant on external funding, mainly from supporters outside Somalia and the ISIL affiliate in Yemen.[30]

27. After ISIL failed to build on its early success in Yemen, operating with fewer than 500 fighters from different regions (see S/2017/35, para. 32), ISIL in Yemen continues to conduct deadly, extensive, multi-pronged attacks targeting government forces and Houthis.[31] However, the group is still at risk of splitting into subgroups, in particular as it continues to lack tribal support to provide a safe-haven among the Yemeni community.[32] Funds provided by the core of ISIL have continued to reach ISIL in Yemen.[33] ISIL is also attempting to expand through individual cells in the wider Arabian Peninsula and has conducted a range of attacks.[34] Nevertheless, the core called on its sympathizers in the region to remain in their countries to carry out terrorist attacks there.[35]

28. During 2016, ISIL in Afghanistan tried to establish itself in a number of areas. However, as a fighting force they have been severely downgraded by Afghan and international military operations in close cooperation with international air support.[36] Currently, the group has a significant presence only in three districts of Nangarhar Province along the border with Pakistan. Estimates of ISIL strength in Afghanistan vary, with interlocutors indicating 2,000 and 4,000 fighters, although this figure is reported to have reduced as a result of recent operations by Afghan and international forces. ISIL in Afghanistan continues to be well equipped and funded, with some of this funding provided by the core of ISIL.[37]

29. In recent months, the core of ISIL has instructed the group to push towards the north of Afghanistan, yet despite their recruitment efforts in the north over the past three years, the group has not managed to establish a viable fighting force.[38] Nonetheless these efforts are a concern for countries neighbouring Afghanistan to the north. According to Member States, the attacks of ISIL in Afghanistan in neighbouring Pakistan seem in some instances to be "outsourced" to other groups, including Lashkar i Jhangvi (LJ) (QDe.096), who initially claimed responsibility for the October 2016 attack on the police training college in Quetta and Jamaat-ul-Ahrar, a Tehrik-e-Taliban Pakistan (TTP) (QDe.132) splinter group, which conducted an attack on the Lal Shahbaz Qalandar Sufi shrine in southern Pakistan on 16 February 2017. Both attacks were subsequently claimed by ISIL.

30. The threat level has intensified in South-East Asia, with ISIL increasingly directing its attention, including its propaganda, at the region (see S/2017/35, para. 59). With the rise of ISIL, groups in the region have been revitalized, new groups have proliferated, established groups have splintered and pre-existing groups have rebranded themselves as ISIL affiliates.[39] The attack in Jakarta on 14 January 2016 was a turning point in the region as it was perpetrated by Jamaah Ansharut Daulah militants financed by an Indonesian fighting with ISIL in Syria.[40] While

[30] Information provided by a Member State.
[31] Information provided by a Member State.
[32] Information provided by a Member State.
[33] Information provided by a Member State.
[34] Information provided by a Member State.
[35] Information provided by a Member State.
[36] Information provided by a Member State.
[37] Information provided by a Member State.
[38] Information provided by a Member State.
[39] Information provided by a Member State.
[40] Information provided by a Member State. JAD is an umbrella group comprised of ISIL followers in Indonesia.

security forces were able to foil numerous attacks, more ISIL-related attacks followed in the Philippines, Malaysia and Indonesia (see S/2017/35, para. 60).

31. A long-standing leader of the Abu Sayyaf Group (QDe.001), Isnilon Totoni Hapilon (QDi.204),[41] has been anointed the ISIL "emir" in the Philippines (see S/2017/35 para. 59). Southern Philippines is at risk of becoming a hub for foreign terrorist fighters from the region and from further afield.[42] In Indonesia, the death of Abu Wardah, also known as Santoso, in 2016 has diminished the threat from Mujahidin Indonesian Timur (QDe.150), but the overall threat in Indonesia persists, in particular from ISIL sympathizers and groups such as JAD, led by imprisoned extremist cleric Aman Abdurrahman, as well from the hundreds of former Jemaah Islamiyah (QDe.092) cadres that have been, or are due to be, released from prison (see S/2017/35, para. 60; S/2016/629, para. 50; S/2016/830, para. 22).

32. Further complicating the threat picture in the region are foreign terrorist fighters from South-East Asia based in the Syrian Arab Republic or Iraq who are funding and enabling attacks in their home countries. Returnees to the region are a significant concern to Member States, as they could increase the military capabilities of local networks. Relocators from Iraq and the Syrian Arab Republic, foreign terrorist fighters who are not nationals of South-East Asian States, are another source of concern, as they are likely unknown to the local authorities (see S/2017/35, paras. 60, 62-63).

IV. Updates on responses to the evolving threat

33. The United Nations, Member States and international, regional and subregional organizations continue to strengthen existing and develop new tools to address the rapidly evolving threat posed by ISIL, including the threat posed by returning foreign terrorist fighters. Over recent months, the Security Council has adopted resolutions on protecting critical infrastructure from terrorist attacks (S/RES/2341 (2017)); the destruction, looting and smuggling of cultural heritage sites and artefacts, as well as their illicit trade and trafficking carried out by terrorist groups or in a context of armed conflict (S/RES/2347 (2017)); and the terrorist threat in the Lake Chad Basin region (S/RES/2349 (2017)). In its resolution 2341 (2017), the Council called on States to consider developing or further improving their strategies for reducing risks to critical infrastructure from terrorist attacks. In its resolution 2347 (2017), the Council requests States to take appropriate steps to prevent and counter the illicit trade and trafficking in cultural property and other items of archaeological, historical, cultural, rare scientific and religious importance originating from a context of armed conflict, notably from terrorist groups, including by prohibiting cross-border trade in such illicit items. In its resolution 2349 (2017), the Council calls for the implementation of a range of measures aimed at strengthening security, protection, and human rights in the Lake Chad Basin, including addressing the conditions that can be conducive to terrorism; ensuring that the perpetrators of acts of violence are held accountable and brought to justice; and developing and implementing disarmament, demobilization, rehabilitation and reintegration strategies.

[41] Information provided by a Member State.
[42] Information provided by a Member State.

A. Terrorism financing: the impact of resolution 2253 (2015)

1. Criminalization of terrorism financing

34. In my second report pursuant to Security Council resolution 2253 (2015) (S/2016/501), I noted that States were making substantial progress in implementing the counter-financing of terrorism requirements of the relevant Council resolutions, but continued to face challenges in that regard. It should be recalled that Council resolution 2253 (2015) broadens the scope of the offence of the financing of terrorism. Accordingly, in October 2016, the Financial Action Task Force revised the interpretive note to its recommendation on the criminalization of terrorism financing to include financing the travel of foreign terrorist fighters. The Financial Action Task Force also revised the related glossary in order to include language that clearly referred to "funds and other assets", as well to the concept of economic resources (e.g., oil and related materials) in accordance with resolutions 2161 (2014), 2199 (2015) and 2253 (2015). According to information gathered by the Counter-Terrorism Committee Executive Directorate from a number of Financial Action Task Force-style regional bodies since December 2015, 20 States in Europe and the Caucasus have taken steps to introduce legal measures specifically aimed at reinforcing their respective counter-financing of terrorism systems. Four States in Central Asia have enacted laws to strengthen laws and regulations governing the proceeds of terrorism financing. More than half the States in West Africa — including four States of the West Africa Monetary Union — have revised their terrorism-financing legislation, but only one has criminalized the financing of foreign terrorist fighter travel and another has incorporated a related provision into its counter-terrorism legislation. Four States in the Caribbean, three States in Eastern and Southern Africa and three States in the Middle East and North Africa region have enacted additional terrorism-financing legislation.

35. The efforts of the Council, the Financial Action Task Force and the Financial Action Task Force-style regional bodies to promote the implementation of its provisions have helped strengthen the counter-financing of terrorism frameworks. Since December 2015, the International Monetary Fund has provided assistance on counter-financing of terrorism to 37 States, 13 of which are in the Middle East and North Africa region including a Middle East and North Africa counter-financing of terrorism-focused project. The World Bank initiated in April 2017 an anti-money-laundering/counter-financing of terrorism training programme for a number of States in the Middle East and Eastern Africa regions, which aims inter alia to strengthen the capacity to investigate and successfully prosecute financing of terrorism offences, enhance regional cooperation in counter-financing of terrorism and train trainers. In 2016, within the framework of the United Nations Integrated Strategy for the Sahel, the United Nations Office on Drugs and Crime (UNODC) launched a capacity-building initiative for West African States, in particularly States of the Sahel, to detect terrorism financing and to collect and manage financial intelligence for the purposes of investigation and prosecution. However, legislation is of limited value if it is not effectively implemented. Globally, few terrorism-financing cases are brought to Court. In many instances, individuals and entities are prosecuted for other charges, including public provocation to commit a terrorist act.

2. Measures to freeze the assets of those supporting terrorist organizations or individual terrorists

36. Since the adoption of Security Council resolution 2253 (2015) on the listing of any individual or entity associated with ISIL, 11 associated individuals have been listed, and among them 8 are listed as financiers/financial facilitators. In its nineteenth report (S/2017/35), the Monitoring Team recommended further efforts to

encourage States to propose listings targeting financial institutions knowingly conducting transactions on behalf of ISIL. According to the Counter-Terrorism Committee Executive Directorate, a large number of States have upgraded their national mechanisms to address the asset-freezing requirements of the relevant Council resolutions, including resolution 1373 (2001). For instance, six States in the Middle East and North Africa region have introduced revised asset-freezing requirements.

37. In some regions, including West Africa, States continue to suffer from weaknesses in their legislative and operational frameworks for the implementation of resolutions 1267 (1999) and 1373 (2001). Assistance providers have introduced initiatives aimed to encourage designation and cooperation among States in this regard. In November 2016, the Eurasian Group on Combating Money-Laundering and the Financing of Terrorism adopted guidelines for cooperation among its member States in the implementation of terrorist-asset-freezing mechanisms. In April 2016, the Counter-Terrorism Committee Executive Directorate launched a database of authorities responsible for issuing third-party terrorist-asset-freezing requests, which currently includes information on 85 States. In September 2016, the Financial Action Task Force issued a handbook designed to strengthen the implementation of asset-freezing mechanisms developed under resolution 1373 (2001).

3. Increased integration of financial intelligence into counter-terrorism work

38. Security Council resolution 2253 (2015) calls on States to engage with financial institutions and the private sector and share information on terrorism-financing risks. In this regard, it is essential to protect the international financial system from abuse and to provide the private sector with the tools to monitor transactions, detect any unusual activity and prevent funds from being made available to individuals or entities associated with ISIL. This will become increasingly important as liberated areas re-establish their links to international financial institutions. In my second report pursuant to resolution 2253, I noted the piloting of public-private terrorism-financing information-sharing platforms. I am pleased to note that these platforms have been adopted by an increasing number of States, particularly in the Asia-Pacific region, and would call on Member States to consider linking them.

39. States continue to strengthen links among their respective financial intelligence units and reporting entities. Through its ongoing dialogue with Member States, the Counter-Terrorism Committee Executive Directorate has been able to identify several good practices in this area. One European State recently introduced legislation enabling its financial intelligence unit to provide reporting entities with the names of individuals and entities considered to pose a terrorism-financing risk, prior to the submission of a suspicious transaction report. The collection of financial intelligence is key to the identification of the financial patterns of foreign terrorist fighters, the monitoring of individuals and the identification of possible terrorist networks, ISIL facilitators and supporters. Europol hosts FIU.net, a decentralized computer network that connects all 28 European Union financial intelligence units and facilitates the sharing of suspicious transaction reports. UNODC provides financial-disruption training and courses for counter-financing of terrorism investigators in Afghanistan, Mali, Somalia and other States in North Africa, Central Asia and the Indian Ocean region.

40. Financial intelligence has become more systematically integrated into counter-terrorism work. In one Asian State, the financial intelligence unit and the national counter-terrorism agency recently signed a memorandum of understanding to formalize their partnership in this area. The financial intelligence unit of one European State recently joined an existing joint task force for the investigation of

specific threats, such as social welfare fraud committed by national foreign terrorist fighters. Other information-sharing models include the establishment of centres for the sharing and analysis of information by all financial agencies — including customs, as well as immigration — in order to build financial profiles of foreign terrorist fighters and determine financial patterns, for the benefit of the private sector. The Middle East and North Africa Financial Action Task Force has established an Operational Experts Forum on Terrorist Financing targeted at financial intelligence units, law enforcement, and security/intelligence agencies in order to share information on terrorism-financing risks, methods and trends and exchange experience and expertise in identifying, preventing and disrupting terrorism financing.

4. Raising and moving funds

41. Money-services businesses, including those providing informal value-transfer systems (e.g., hawala), are vulnerable to abuse. Because money continues to flow from ISIL-controlled territory to affiliates or to be banked in safer locations, close monitoring of informal money-remitters activity and cross-border transportation of cash and other bearer negotiable instruments remains an essential component of an effective counter-financing of terrorism strategy. Since December 2015, three States in Eastern Europe and the Caucasus and three States in Central Asia have taken concrete steps to strengthen measures relating to money-remitters and cash couriers. In West Africa, remitters and cash services continue to be highly vulnerable to terrorism financing. Even though cash-declaration systems are in place in most West African States, particularly for outgoing flows, large movements of illicit cash persist, including along the trafficking routes of the Sahel. The Counter-Terrorism Committee Executive Directorate has identified a similar vulnerability in East Africa.

42. Cross-border movement of cash and bearer negotiable instruments is a significant risk in all States in South-East Asia. The region's Financial Intelligence Consultative Group has initiated an in-depth study of cross-border cash movements to support stronger monitoring and disruption at critical border points. The Group will also conduct a regional intelligence assessment to better understand cross-border movement practices and how they are used for terrorism financing. There is a need to further develop such arrangements, especially in regions that rely heavily on cash transactions. UNODC provides training on criminal/terrorist abuse of money remitters in Afghanistan and neighbouring States and in the Indian Ocean region.

43. Although limited information is available about terrorist use of new technologies such as virtual currencies and social media to finance their activities, States, international and regional organizations and private-sector actors are adopting laws, regulatory frameworks and guidelines to address this potential vulnerability. Technologies designed to facilitate low-cost, high-speed global transfers are rarely subject to regulatory scrutiny or due diligence requirements. Some States have banned the use of bitcoin and other virtual currencies, while others are reviewing legal frameworks to ensure that their providers are subject to anti-money-laundering/counter-financing of terrorism regulations. The European Commission is currently considering bringing all virtual currency exchange platforms under the scope of its anti-money-laundering directive in order to ensure that they apply customer due diligence controls.

44. Social media provide opportunities for terrorist organizations and individuals to promote their cause, recruit followers and raise funds, as well as to create and share content through websites and mobile applications. Since December 2016, the Counter-Terrorism Committee Executive Directorate has been working with partners, including in the private sector, towards identifying the vulnerabilities of social media providers and defining preventive policies. The Middle East and North

Africa Financial Action Task Force and the Asia/Pacific Group on Money Laundering, in close coordination with the Counter-Terrorism Committee Executive Directorate, have launched a joint project aimed at strengthening understanding of the use, or potential use, of social media for terrorism-financing purposes. The European Union Internet Forum of the European Commission, based on voluntary cooperation between the Internet industry and European Union member States, is aimed at reducing access to terrorist content online and increasing alternative narratives online.

45. As was highlighted in the Counter-Terrorism Committee Executive Directorate Global Implementation Survey (2016), the non-profit organizations sector continues to be exploited by terrorist organizations and their supporters, including diversion of funds, abuse of programming and false representation. Nonetheless, misinterpretation or misuse of the international requirements on non-profit organizations (particularly the related recommendations of the Financial Action Task Force) have led in some instances to overregulation of civil society organizations, which may undermine human rights protection. In June 2016 the Financial Action Task Force revised its special recommendation and interpretive note on non-profit organizations. In conducting their national anti-money-laundering/counter-financing of terrorism risk assessment, several States have initiated close consultations with the non-profit organization sector. This approach should be encouraged.

46. As I noted previously, kidnapping for ransom may become increasingly attractive to ISIL as other revenue sources decline. In this regard, the United Nations Counter-Terrorism Centre capacity-building project on international good practices on addressing and preventing kidnapping for ransom, strengthens the capacities of Governments and non-governmental organizations in North-East and West Africa to achieve the safe recovery of hostages while simultaneously denying terrorists ransom payments and other concessions. A regional training course on kidnapping for ransom for relevant experts of the Group of Five for the Sahel (Sahel G-5) countries is being prepared by the Centre under the regional Integrated Assistance for Countering Terrorism (I-ACT) initiative, a capacity-building framework for the region.

B. Returnees

47. In response to the increase in the number of foreign terrorist fighters returning to their States of origin or residence, a number of States have recently amended their legislation to enable their authorities to cancel the citizenship or invalidate the travel documents of suspected foreign terrorist fighters while they are abroad. At least 10 States in various regions, including Africa, Europe, the Middle East, and Asia Pacific, have amended legislation to enable their authorities to withdraw the citizenship of an individual who joins a designated non-State armed group at any time before or after his or her departure. In some cases, such measures can be used without a criminal conviction or the involvement of a judge. Most of these States may withdraw citizenship only in cases where the individual would not be rendered stateless (i.e., in the case of dual citizens). Several States may withdraw the citizenship of naturalized citizens. In some States, legislation lacks clear protections preventing individuals from being rendered stateless.

48. In the absence of sufficient legal grounds and admissible evidence, transit States face numerous challenges when detaining, prosecuting or extraditing suspected foreign terrorist fighters in their territory. Despite action taken in certain regions, such as the European Union, to criminalize travel for terrorist purposes, very few States have criminalized travel to designated areas as a stand-alone offence. Collecting and gathering sufficient evidence against foreign terrorist

fighters to prove intent remains difficult. There is therefore a risk that foreign terrorist fighters stopped in transit will remain free to travel onwards.

49. The longer foreign terrorist fighters remain in conflict zones, the more likely it is that they will commit acts of terrorism or other serious crimes; embrace violent extremist causes; gain further experience and training; and strengthen networks. Foreign terrorist fighters who remain in destination States may also experience direct military confrontation between foreign Governments and terrorist entities. Moreover, the networks that they build in the destination State may subsequently assist them to return or relocate undetected by providing them with fraudulent travel documents, as well as guidance in the use of broken travel patterns. In order to provide comprehensive, long-term solutions to these threats, administrative travel measures can be complemented by cooperation with other States in bringing terrorists to justice.

50. Administrative travel measures have been abused in some cases, raising concerns about the protection and promotion of international human rights and humanitarian and refugee law. Such abuse can limit the effectiveness of comprehensive strategies to prevent and counter violent extremism that leads to terrorism. Because international human rights law provides protection against refoulement, such measures can never be used in cases where an individual would be at risk of persecution in a country to which he or she is forcibly returned.

51. In enacting administrative travel measures, States should also avoid placing undue restrictions on the travel of humanitarian aid workers, as well as representatives of foreign Governments and international and regional organizations carrying out official functions. In response to the urgent need — identified by criminal justice officials — for more practical and operational guidance in this area, UNODC is developing a technical assistance programme that will provide training in the prosecution of foreign terrorist fighters for criminal justice practitioners in South-East Europe. Furthermore, within the framework of its Airport Communication Project, UNODC is developing a training curriculum that will provide front-line law enforcement officers with the skills and knowledge required to detect and interdict the travel of foreign terrorist fighters at international airports. The United Nations Counter-Terrorism Centre is also implementing a project on advance passenger information, which aims to stem the flow of foreign terrorist fighters. During the reporting period, the Centre carried out capacity-building consultations with Bosnia and Herzegovina.

52. In the Lake Chad Basin, the military successes achieved by the Multinational Joint Task Force and national forces have led to the surrender of significant numbers of fighters. The Lake Chad Basin States face the challenge of dealing with combatants captured during military operations, as well as the movement of individuals and groups, across borders and to and from camps for internally displaced persons and refugees. Regardless of how individuals come under their responsibility or where they are currently located, States are legally obligated to consider appropriate prosecution, to bring to justice those who have committed gross violations of international human rights and humanitarian law or terrorist offences and to apply consistent criteria against which they evaluate such cases. In accordance with resolution 2349 (2017), States must also develop comprehensive measures to deal with all persons associated with a terrorist group, including, where appropriate, programmes aimed at disarmament, demobilization, rehabilitation and reintegration, in accordance with international standards.

53. The United Nations continues to support national and regional efforts to address these complex, interrelated challenges. As referred to in previous reports pursuant to Security Council resolution 2253 (2015), the Counter-Terrorism

Implementation Task Force Office developed the United Nations capacity-building implementation plan for countering the flow of foreign terrorist fighters, in close collaboration with the Counter-Terrorism Committee Executive Directorate and the Monitoring Team, as mandated in Security Council Presidential Statement S/PRST/2015/11. The plan is being updated to better account for the increasing threats posed by returnees.

54. In Nigeria, support for national and regional efforts will continue to build upon the technical and high-level consultations held in December 2016, at the request of the Office of the National Security Adviser and in the context of the existing European Union-Nigeria-UNODC-Counter-Terrorism Committee Executive Directorate programme on "Assisting Nigeria to strengthen rule of law-based criminal-justice responses to terrorism", funded by the European Union. In June 2017, the Counter-Terrorism Committee Executive Directorate and UNODC will jointly facilitate an inter-agency workshop aimed at assisting Nigeria to build capacity on prosecution strategies and prioritization of cases; and identifying inter-agency relationships required to ensure effective investigation and prosecution of persons associated with Boko Haram. The Counter-Terrorism Committee Executive Directorate and UNODC are also spearheading efforts to launch a regional initiative for the Lake Chad Basin States to support their development of national approaches to prosecution, rehabilitation and reintegration and the strengthening of regional cooperation.

55. UNODC continues to train criminal justice officials, in most regions of the world, in the investigation, prosecution and adjudication of terrorism-related offences, in accordance with resolution 2178 (2014) and with a focus on the issue of children recruited by terrorists and violent extremist groups, particularly ISIL and Boko Haram.

56. The United Nations Counter-Terrorism Centre, acting in assistance of the United Nations Multidimensional Integrated Stabilization Mission in Mali, is supporting the development of the country's national counter-terrorism strategy, which also addresses the prevention of violent extremism. In February 2017, the Office provided training on counter-terrorism and human rights for 50 Malian law enforcement officials. Two workshops to enhance the capacity of Malian prosecutors from the Special Judiciary Unit on counter-terrorism and the newly created Special Investigations Brigade were facilitated by UNODC and supported by the United Nations Counter-Terrorism Centre in January and February 2017. At the regional level, United Nations Counter-Terrorism Implementation Task Force entities are finalizing project proposals under the United Nations Counter-Terrorism Centre I-ACT initiative for the Sahel G-5, an "All-of-UN" regional capacity-building programme to counter terrorism and prevent violent extremism, mandated by Security Council resolution 2195 (2014) and S/PRST/2015/24. In May, the Counter-Terrorism Implementation Task Force-United Nations Counter-Terrorism Centre deployed a small team to Dakar and Nouakchott for consultations with the G-5 Permanent Secretariat and regional offices of the United Nations implementing partners to finalize this regional framework and plan for the I-ACT launch in the coming months.

57. United Nations engagement in the Sahel will evolve in response to the continued threats posed by terrorism, violent extremism, transnational organized crime and illicit trans-border trafficking. I reiterate the need to strengthen partnerships between the United Nations system and regional stakeholders and to support in particular the Sahel G-5 countries' efforts to fight terrorism and illicit trafficking. The United Nations is renewing its engagement in the region, following an independent review of the United Nations Integrated Strategy for the Sahel.

58. The United Nations Interregional Crime and Justice Research Institute has developed initiatives aimed at introducing mechanisms into juvenile justice systems to address the situation of child foreign terrorist fighters. It also supports the development of rehabilitation and reintegration programmes in correction centres in Indonesia, drawing on good international practices. INTERPOL continues to assist States to enhance the response of law enforcement agencies, including through working group meetings on the issue of returnees and their links with local militant groups. Lastly, the Radicalization Awareness Network Centre of Excellence of the European Commission is developing a manual on intervention to assist its Member States in managing returnees.

59. On 24 May 2017, the Eurasian Group on Combating Money-Laundering and the Financing of Terrorism and the Commonwealth of Independent States Anti-Terrorism Center will hold, in cooperation with the Counter-Terrorism Committee Executive Directorate, a regional workshop on the detection of foreign terrorist fighter returnees, including their financial profiles, and on the use of asset-freezing mechanisms. In the context of its work on foreign terrorist fighters, INTERPOL is currently developing a pilot initiative, with States in the Middle East/North Africa, South-East Asia and Central Asia, for the inclusion of relevant financial information in the profiles of selected foreign terrorist fighters/returnees.

V. Observations

60. Since my first report (S/2016/92), several factors have exacerbated the challenges faced by States in countering the threat posed by ISIL. In the wake of military and financial setbacks to ISIL, foreign terrorist fighters are increasingly leaving the battlefield, returning to their States of origin or residence or relocating to third States, including conflict zones. The threat posed by these individuals is compounded by the efforts of ISIL to strengthen the role of its affiliates, by inspiring, guiding and, in some cases, centrally directing individuals to launch attacks on civilian targets. In order to address these challenges, States should not only assess the travel routes used by foreign terrorist fighters seeking to join ISIL, but also strengthen their monitoring of exit routes. Efforts to control foreign terrorist fighter travel should be complemented by measures to ensure that foreign terrorist fighters are brought to justice. States continue to face numerous challenges to generating and converting intelligence into admissible evidence against suspected returning fighters. Measures to strengthen cooperation and to build capacities in this area, as well as additional measures, such as improving the collection, preservation and sharing of information and evidence in conflict theatres and attack sites, are particularly important.

61. Effective monitoring of terrorist exploitation of information and communications technology, conducted in accordance with human rights obligations, is important in order to identify other effective ways in which to prevent and suppress the dissemination of terrorist messages and the raising of funds for terrorist purposes.

62. I wish to reiterate the benefits of developing prosecution, rehabilitation and reintegration strategies for returning foreign terrorist fighters in accordance with resolution 2178 (2014). Such strategies can be integrated into criminal justice responses at various stages of the criminal justice process, including outside the prison setting; and can facilitate a proportionate, individualized, long-term and human rights-compliant approach. They can also serve to pre-empt serious criminal conduct, reduce prison-based recruitment, and complement comprehensive strategies to counter violent extremism.

63. The development and implementation of strategies to address specific categories of returnees could also be beneficial. Continued recruitment of women by ISIL and the involvement of children as fighters remain major concerns. There is an urgent need to focus increased attention on the factors that lead to the recruitment, exploitation and abuse, for terrorist purposes, of vulnerable members of society — especially children — with a view to identifying the main gaps; ensuring the adequate protection and support of such populations, including when they are victims of trafficking in persons, and developing approaches that address their specific reintegration needs.

64. In seeking to address the threats posed by ISIL, including that of foreign terrorist fighters and returnees, adequate protection should also be provided for refugees fleeing conflict zones. There is concern that the increase in migrant flows, due in part to the impact of ISIL in conflict areas, has had a negative effect on the right to seek and enjoy asylum from persecution. Measures taken by States to control foreign terrorist fighter travel — such as withdrawing the citizenship of suspected foreign terrorist fighters, pushing migrants back at national borders; and extraditing, expelling and deporting individuals without due process — raise important human rights issues and risk rerouting foreign terrorist fighters to other States. In some cases, such measures have created an environment conducive to human trafficking and migrant smuggling. Measures to ensure effective and appropriate registration and review of asylum seekers and refugees, to systematically share information concerning decisions to reject refugees or asylum seekers and exchange information at the national and international levels could be encouraged. Furthermore, because ISIL is increasingly encouraging its fighters and sympathizers to carry out attacks in the States in which they reside, the protection of critical infrastructure, in close cooperation with relevant private sector entities and in accordance with Council resolution 2341 (2017) is particularly relevant.

65. As it continues to lose territory and financial sources, ISIL may continue to explore ways to diversify its sources of financing, including through illicit trafficking in goods, cultural and archaeological artefacts, drugs, wildlife and human beings. I reiterate the recommendation that States make increased use of the cooperation tools provided for in relevant international counter-terrorism legal instruments, as well as the United Nations Convention against Transnational Organized Crime of 2001 and the Protocols thereto, the United Nations Convention against Corruption of 2004, and the relevant conventions on combating trafficking in drugs. The recent adoption of a judicial cooperation agreement and increased information-sharing on terrorism and organized crime among Chad, Niger and Mali is an encouraging development. Attention should be paid to potential cases of human trafficking to finance terrorism, as underlined by the Council in its resolution 2331 (2016).

66. Member States have made progress, with the support of international and regional organizations, in strengthening their internal coordination and information-sharing mechanisms. Understanding the terrorism-financing risks and vulnerabilities of certain sectors, including non-profit organizations and money remitters is particularly relevant in that respect. National, subregional and supranational risk assessments should be particularly encouraged in certain regions, such as the Sahel, where the terrorism-financing threat is high.

67. States continue to be hampered by legal and institutional barriers that prevent the effective flow of information, largely on the basis of security concerns. There is a need to integrate financial intelligence collected from private-sector and Government entities (including welfare agencies) into a comprehensive operational counter-terrorism strategy aimed at detecting suspicious financial flows, as well as possible networks or cells and to disrupt their facilitation, recruitment and

operations. Traditional methods — including formal and informal cash couriers or money remitters — are still widely employed by terrorist groups. Strengthening the measures aimed at detecting illicit cross-border cash movements and the sharing of this information with the financial intelligence units can contribute to address these vulnerabilities. Virtual currencies and other online payment methods have been used to raise and move terrorist funds. The risk for such use is growing and requires particular attention.

68. This is my fifth report to the Council pursuant to resolution 2253 (2015). Since January 2016, ISIL and its affiliates have remained under continuous military pressure and experienced setbacks. It is critical for Member States to remain vigilant, however, as the dynamic and increasingly transnational threat that these terrorist groups represent continues to severely undermine international peace and security. I therefore welcome the focus that the Security Council has put on ISIL and its affiliates to raise awareness of the threat and to promote international cooperation. Nonetheless, more needs to be done at the national, regional and global levels to collaboratively address the threats and challenges pointed out in these five reports. In my report on the capability of the United Nations system to assist Member States in implementing the United Nations Global Counter-Terrorism Strategy (A/71/858), which is currently being considered by the General Assembly, I recommended the establishment of a new office of counter-terrorism to provide leadership to our efforts, enhance coordination and increase the impact of our assistance to Member States. Through this and other initiatives, the United Nations system will step up its support to Member States' efforts to implement the Global Counter-Terrorism Strategy and other relevant General Assembly and Security Council resolutions.